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Bankruptcy E-Noticing Keeps Pace With World Wide Web

How do you improve a system like the Bankruptcy Noticing Center (BNC)? It electronically retrieves bankruptcy data from courts all over the country, then sends out approximately 400,000 bankruptcy notices per day. Notices provide information about a bankruptcy case to creditors or to the debtors. The most common notice informs a person's creditors that they have filed for bankruptcy and can no longer be pursued for debt collection without court approval. In Fiscal Year 2002, for the first time, the BNC distributed more than 100 million bankruptcy notices. Postal discounts for its large-volume mailing, and the BNC's centralized processing for everything from form printing to envelope labeling, have saved the Judiciary roughly \$25 million since 1993. How do you improve on this? You further refine BNC by capitalizing on the growth of the Internet.

Just as the business and financial world works on the web and communicates via e-mail, the BNC has adapted by offering Electronic Bankruptcy Noticing (EBN), a free service that provides subscribers options that include Internet e-mail for desktop display of entire notices, and a fax copy, or Electronic Data Interchange (EDI) for the larger-volume notice recipients.

Notices over the Internet give creditors on-line speed and convenience, plus the ability to receive notices formatted as Portable Document File attachments, the same format used by the Judiciary's Case Management/Electronic Case Files system. The BNC transmits notices to EBN subscribers the same day it retrieves the notices from the courts. In contrast, paper notices might take up to a week to be delivered due to the BNC's production and print process and U.S. Postal Service delivery schedules.

Recipients who may not want to set up an Internet e-mail account, but who still want to eliminate mail pieces, might choose the EBN fax service. And creditors who receive 200 or more notices per week, and who want to process data automatically using database to database transfers, can choose EDI.

EDI is used extensively by large institutions for financial-related transactions and provides the capability for processing bankruptcy noticing information at a fraction of the cost of manual methods.

EBN can eliminate the production and mailing of a substantial number of paper notices—paper notices that cost the Judiciary approximately \$.40 per piece. An EBN notice costs just \$.10. And unlike printed notices, EBN notices won't go astray. The BNC compares names and addresses listed on noticing agreements with the names and addresses debtors list on their petitions or an attorney's name and address in the court's database. Software matches names and addresses and sends the notices electronically, even to addresses that would otherwise be undeliverable by the postal service.

Currently, approximately 5 percent of the BNC's 100 million notices are sent through EBN. Not surprisingly, the Judiciary's largest EBN client is the Internal Revenue Service.

Electronic noticing is authorized by Bankruptcy Rule 9036 and requires creditors who wish to participate to sign a noticing agreement with each bankruptcy court. The agreement is necessary to assure the courts that the requesting entity is the creditor to whom the notice should be sent. Creditors must also use an Internet service that is capable of returning a reliable receipt.

Future program enhancements are planned. For more information on EBN, visit the program website at www.EBNuscourts.com.